

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-1

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In re:

EOGH Liquidation, Inc., f/k/a/ East Orange General
Hospital, Inc., *et al.*,¹

Debtors.



Order Filed on August 22, 2016
by Clerk
U.S. Bankruptcy Court
District of New Jersey

Chapter 11

Case No. 15-31232 (VFP)

(Jointly Administered)

**STIPULATION AND CONSENT ORDER RESOLVING THE MOTION FOR A
DETERMINATION THAT CERTAIN INSURANCE REFUNDS ARE
PROPERTY OF THE DEBTORS' BANKRUPTCY ESTATES
AND WERE NOT SOLD TO PROSPECT EOGH, INC.**

¹ The Debtors and the last four digits of their Employer Identification Numbers are EOGH Liquidation, Inc. (f/k/a East Orange General Hospital, Inc.) (7166) and EVHI Liquidation, Inc. (f/k/a Essex Valley Healthcare, Inc.) (7667). The Debtors' principal place of business is located at 300 Central Avenue, East Orange, NJ 07018.

DATED: August 22, 2016

A handwritten signature in black ink, appearing to read "Vincent F. Papalia".

Honorable Vincent F. Papalia
United States Bankruptcy Judge

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The relief set forth on the following pages, numbered three (3) through and including nine (9), is hereby **ORDERED**.

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This Stipulation and Consent Order is entered into by and between EOGH Liquidation, Inc. (f/k/a East Orange General Hospital, Inc.) ("EOGH") and EVHI Liquidation, Inc. (f/k/a Essex Valley Healthcare, Inc.) ("EVHI") (collectively, the "Debtors"), the Official Committee of Unsecured Creditors (the "Committee") in the Debtors' bankruptcy cases (the "Chapter 11 Cases"), and Prospect EOGH, Inc., Prospect Medical Holdings, Inc. and Prospect NJ, Inc. (collectively, "Prospect") in respect of the *Joint Motion of the Debtors and the Official Committee of Unsecured Creditors for a Determination that Certain Insurance Refunds are Property of the Debtors' Bankruptcy Estates and Were Not Sold to Prospect EOGH, Inc.* (the "Motion").² Collectively, the Debtors, the Committee and Prospect are referred to as the Parties.

RECITALS

A. On November 10, 2015, the Debtors each filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code.

B. On November 20, 2015, the Debtors and Prospect entered into an Amended and Restated Asset Purchase Agreement, dated as of November 20, 2015 (together with all subsequent amendments, including Amendment No. 1 and Amendment No. 2, the "APA") for the sale (the "Sale") of substantially all of the Debtors' assets to Prospect. The APA was negotiated by and between the Debtors, Prospect and the Committee.

² Capitalized terms used but not defined in this Stipulation and Consent Order shall have the meanings ascribed to them in the Motion.

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C. On January 21, 2016, the Bankruptcy Court entered its order approving the Sale [Docket No. 330] (the "Sale Order"). The Sale closed as of March 1, 2016 (the "Closing Date").

D. On April 7, 2016, Prospect filed administrative claims that are marked as Proof of Claim Nos. 377, 378, and 379 on the Debtors' claims register (the "Proofs of Claim").

E. On July 20, 2016, the Motion was filed at Docket No. 728.

F. On August 10, 2016, Prospect filed its Opposition to the Motion (the "Opposition").

G. The Debtors, the Committee and Prospect have been involved in discussions seeking to resolve the issues raised in the Motion and the Opposition as well as other issues between and among the Parties, and, taking into account the risk, delay and uncertainty of litigation, they have decided to resolve their disputes as set forth below.

NOW, THEREFORE, THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

1. The Refunds (as defined in the Motion), the amounts of which are set forth on Schedule A hereto, shall be paid to Prospect in the name of the insured. Prospect is directed to remit to the Debtors 50% of the Refunds or any portion thereof that are received by Prospect. If Prospect receives the Refunds or any portion thereof on or before the date on which the Court enters this Stipulation and Consent Order (the "Order Date"), then Prospect shall remit to the Debtors their 50% portion within five (5) business days of the Order Date. If Prospect receives the Refunds or any portion thereof after the Order Date, then Prospect shall remit to the Debtors their 50% portion within five (5) business days of the date Prospect received the Refunds. In the

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event the Debtors or Prospect are paid any other refunds or overpayment amounts on account of insurance premiums paid by the Debtors prior to the Closing Date (as defined in the APA) for the Debtors' insurance policies that existed on or prior to the Closing Date, whether or not such insurance policies are set forth on Schedule A hereto, the Debtors or Prospect, as applicable, shall notify the other of such payment within two (2) business days, and such refunds or overpayment amounts shall be treated and paid in accordance with this paragraph.

2. Upon the Effective Date (defined below), Prospect's Proofs of Claim shall be deemed withdrawn, with prejudice.

3. Prospect shall not oppose or object to confirmation of the Plan; provided however, that until the Effective Date of this Stipulation and Consent Order occurs, notwithstanding the Plan injunction, exculpation, and releases set forth in Article X of the Plan, the ability of Prospect and its affiliates to pursue the Refunds or other claims asserted in the Proofs of Claims against the Debtors or the GUC Trust, as applicable, after the effective date of the Plan is expressly preserved and not released or waived regardless of the occurrence of the effective date of the Plan or the terms of the Plan or the Order approving the Plan and may be brought after the effective date of the Plan if necessary, subject to any and all defenses of the Debtors or GUC Trust, as applicable, thereto.

4. On the date the Debtors have received 85% of its portion of the Refunds described in Paragraph 1 of this Stipulation and Consent Order (the "Effective Date"), to the fullest extent permissible under applicable law, the Debtors, the Committee, and the GUC Trust

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(as such term is defined in the *Joint Chapter 11 Plan of Liquidation* [Docket No. 690], as may be amended from time to time (the "Plan")), on the one hand, and Prospect (and any of their affiliates and successors), on the other hand, and each of them for and on behalf of their respective successors, directors, officers, members, shareholders, owners, employees, agents and representatives, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released each other from any and all claims, interests, obligations, rights, suits, damages, claims, causes of action, remedies, and liabilities whatsoever, and any derivative claims on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, whether for tort, contract, violations of federal or state securities laws, or otherwise, that each Party would have been legally or equitably entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, from any action or inaction on the part of any of them, including, but not limited to, any action or inaction relating in any way to the Debtors, the Committee, Prospect, the Debtors' Chapter 11 Cases, the Sale Order, the APA, upon any other act or omission, transaction, agreement, event, or other occurrence on or before the Effective Date, including but not limited to, any payment obligations under section 2.6 of the APA which were due as of the Closing Date and any claims for indemnification under Article XIII of the APA arising prior to the Effective Date; provided, however, that without limiting the foregoing, the releases contained herein shall not be construed as a release or waiver of (i) the ongoing and/or future covenants or

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obligations under the APA that survived the Closing Date or any defenses or counterclaims thereto, or (ii) any claims for refunds or overpayment amounts on account of insurance premiums paid by the Debtors prior to the Closing Date for the Debtors' insurance policies that existed on or prior to the Closing Date, whether or not such insurance policies are set forth on Schedule A hereto. For the avoidance of doubt, on the Effective Date, Prospect shall be deemed to have waived any claims asserted in the Proofs of Claim and any claims on account of payments Prospect has remitted to QualCare, Inc. For the avoidance of doubt, these releases shall be binding on all successors of Prospect (and their affiliates), the Debtors, and the Committee including, but not limited to, the GUC Trust, the GUC Trustee (as such term is defined in the Plan) and any Chapter 7 or Chapter 11 Trustee. Notwithstanding anything contained herein to the contrary, the foregoing release does not release any obligations of the Parties arising under this Stipulation and Consent Order.

5. This Court shall retain exclusive jurisdiction to interpret, implement, and enforce the terms and provisions of this Stipulation and Consent Order.

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Dated: August 19, 2016

LOWENSTEIN SANDLER LLP

By: /s/ Gerald C. Bender
Gerald C. Bender

Attorneys for the Debtors and
Debtors-in-Possession

**PACHULSKI STANG ZIEHL & JONES
LLP**

By: /s/ Bradford J. Sandler
Bradford J. Sandler

Attorneys for Prospect EOGH, Inc., Prospect
Medical Holdings, Inc. and Prospect NJ, Inc.

**TRENK, DiPASQUALE,
DELLA FERA & SODONO, P.C.**

By: /s/ Joseph J. DiPasquale
Joseph J. DiPasquale

Attorneys for the Official Committee
of Unsecured Creditors

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SCHEDULE A

Insurance Carrier/ Policy Number	Type of Insurance	Insurance Policy Termination Date	Refund Amount Owing
Wesco Policy # WWC3178909 (2016)	Workers' compensation insurance	March 1, 2016	\$89,327.00
Wesco Policy # WWC3120120 (2015)	Workers' compensation insurance	December 31, 2015	\$183,561.00
Continental Casualty Company Policy # PSR6022740036	Property insurance	March 1, 2016	\$90,122.00
Travelers E&S Policy # KTQXSP6G70362516	Property insurance	March 1, 2016	\$28,875.00
AIG Policy # CA3482655	Auto insurance	March 1, 2016	\$71,429.00
Coverys Policy # 002NJ000012577	General Liability/Product liability insurance	March 1, 2016	\$31,127.17
Colony Ins. Co Policy # AP511265	General Liability insurance	April 11, 2016	\$7,042.35
Arch Specialty Insurance Co Policy # WAPRP0012400	Property insurance	May 16, 2016	\$7,914.90
Total Insurance Assets at Issue:			\$509,398.42